



11/2/34

SEP 22 2000 11:16

00 SEP 22 11:16

Docket Management Facility  
US Department of Transportation  
400 7<sup>th</sup> Street, SW, Room PL-401  
Washington, DC 20590

September 22, 2000

-164 -33 -78

Re; docket OST-97-2881; OST-97-3014; OST-98-4775

Dear Sir/Madam:

The Consumer Alliance (TCA) is a coalition of state and local groups from 26 states interested in consumer issues. As such, we have followed with much concern the debate over the Orbitz/T2 website proposed by the 5 major US airlines. We have been active in contacting the Senate Commerce Committee, as well as the Department of Justice and your department to express our concerns, and we have generated many letters to the Commerce Committee.

We enclose these letters of TCA member groups, to be added to your docket, as a representation of our members' deep misgivings over this proposed website. Though we were not able to marshal the resources at this time to develop a complete, detailed set of recommendations for DOT to act in the public interest, we will be following the comments of all parties to the docket and hope to be able to respond to those.

Please feel free to contact me at any time.

Thank for your cooperation.

Sincerely,

Don Rounds  
President



Senator John McCain, Chairman  
Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510

July 11, 2000

Dear Senator McCain:

The Consumer Alliance's review of a plan by the airlines industry, code-named T2, to initiate a web site to market tickets, has convinced us that this proposal would be a grave threat to America's consumers.

We are, therefore, pleased to learn that you intend to hold hearings this summer into the T2 plan.

The information we have gathered indicates that at least 30 domestic airlines, led by American, Continental, Delta, Northwest, and United, together accounting for more than 80% of airline "seat miles" in the United States, are already committed to participating in the this internet-based ticket marketing plan. They contemplate making their "e-saver" and other deeply discounted fares uniquely available from the T2 site, boasting that it will be a "one-stop source" for low-priced tickets. Since that would force price-conscious consumers to shop for tickets there, the T2 site would quickly become the sole source of such tickets, because any air carrier tempted not to participate in the scheme would have to contemplate loss of sales to its competitors.

The T2 plan will also drive competing marketers, whether independent travel web sites or local travel agents, out of business, so it will result in fewer independent sources of travel services.

The airlines may assure us that T2 would make it easier for travelers to find the least expensive fares, and so it might – for a while. But we know the effects of monopoly. Once the competition is driven out of business, sellers have no need to compete, so they feel free to raise prices to maximize their profits.

Monopoly also results in fewer choices. Once the airline-controlled T2 web site achieved domination of the price-sensitive market, it would have little incentive to tell shoppers about lower off-peak fares or to point out the savings if one elects to switch airports (using BWI instead of National in the Washington area or Midway instead of O'Hare in Chicago, for example).



The T2 plan would turn back history and open a huge antitrust loophole. In the early 1980s, soon after the airlines were deregulated and price competition was allowed, the Department of Transportation, to promote broadly available and affordable air travel, tried to protect low-cost competitors from the unfair practices of major airlines that were already emerging. It adopted rules against anti-competitive actions, which required that any route information or ticket price available from an airline-controlled computer system had to be made equally available to all competing computer reservation systems. That way, every travel agent would have an equal chance to find and sell the lowest priced tickets. Until now, that included the internet travel services that arose in the 1990s. The result was more competition: if travel agents and internet travel sites wanted to attract and hold customers, they had to find the best deals for them.

These Department of Transportation rules were made before internet-based e-commerce came along, and the airlines apparently believe these rules don't apply to their web-site plans. It looks like a loophole, and they plan to exploit it. DOT has a long-pending rulemaking that would expand the definitions to include internet sales, but it has yet to take action. So the loophole remains.

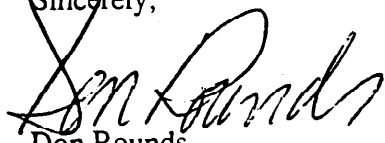
Quite aside from the applicability of the DOT rules, the airlines' collaboration in developing T2 may be an antitrust violation. Implementing T2 as a joint clearinghouse for carriers' fare strategies would allow the collective use of this information to establish fares that maximize airline profits while reducing consumer savings, and to protect their "fortress hubs" in the airports dominated by one carrier.

The T2 plan, if implemented, would cause widespread harm. Start-up low-fare airlines with limited marketing budgets could be squeezed out by a monopoly distribution system controlled by their larger competitors. Independent travel agents and travel web-site operators would be forced out of business, leaving their employees jobless. Innovators of better ticket distribution methods wouldn't have a chance to succeed. And, most important, price-sensitive consumers would have less chance to find competitive airline fares. Consumers without access to the internet or the ability to use it – many of them poor, elderly, or less educated – would suffer the most, because they could seldom buy the least expensive tickets.

Last year, you joined with Senator Wyden to sponsor the Airline Passengers Fairness Act, which the airlines managed to sidestep on the promise that they would voluntarily make marketing reforms. Their development of the T2 plan indicates that their promises were hollow.

We look forward to your Commerce Committee hearings, and hope they will stimulate the Congress to forceful action.

Sincerely,



Don Rounds  
President

## **American Association of Business Persons with Disabilities**

Ira Schoenholtz  
President

Senator John McCain, Chairperson  
Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510-0303

June 9, 2000

Dear Senator McCain:

As president of the American Association of Business Persons with Disabilities, I am concerned that those of us who require special accommodation when we travel – and indeed all consumers, whether they have mobility limitations or not – are threatened by a new airline-industry plan to make deeply discounted fares available to travelers only through a web site that the airlines will jointly control.

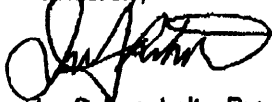
Many of us find it easier to work with a favorite travel agent when we need to make trip arrangements, but if the best fares are going to be accessible only to travelers who make direct purchases at the T2 web site, I fear travel agents will soon be a disappearing breed.

A single web site owned by the airlines, serving as the only source of discounted tickets for some 30 or more domestic carriers, looks to me like a monopoly. It seems certain to drive most competing sources of tickets – whether travel agents or independent web sites like Travelocity and Expedia – out of business, because they won't have access to the most economical tickets. Once the competition is gone, what is to stop the airlines from choking off the supply of discounted fares and imposing take-it-or-leave-it pricing?

The Department of Transportation acted in the early 1980s to stop airline monopoly practices with rules requiring that any schedules, services, or ticket prices an airline makes available on a computer system its controls must also be available to any competing computer reservation system. Evidently, the DOT rules weren't written tightly enough to cover today's marketing via the World Wide Web, and the airlines are taking advantage of this opportunity to return to their old ways.

I understand that you plan to hold Commerce Committee hearings this summer on this problem. I'm glad to hear that someone is looking into this threat to our economic welfare, and urge you to do what you can to get the Congress, the Transportation Department, or the antitrust people at the Justice Department to take prompt, forceful action.

Sincerely,



Ira Schoenholtz, President



June 8, 2000

The Honorable Kay Bailey Hutchison  
United States Senate  
283 Senate Russell Office Building  
Washington, DC 20510-4304

Dear Senator Hutchison:

As an organization concerned about the welfare of consumers, the Consumers Alliance of the Southeast (CASE) is very pleased to learn that the Senate Commerce Committee, of which you are a member, plans to hold hearings later this month on an airlines ticket-marketing plan called "T2."

The T2 plan involves at least 30 domestic carriers, including virtually all the large scheduled airlines, joining together to offer their "e-saver" and other deeply discounted fares exclusively on a new Internet web site they will jointly create and control. This will force price-sensitive travelers to shop for their tickets on the airlines' web site, effectively eliminating competing travel agents and independent travel web sites. I don't have to tell you what happens when an unregulated monopoly is allowed: we soon have fewer choices and pay higher prices. T2 will let the airlines conspire together to control ticket marketing, enabling them to maximize profits by avoiding price competition with each other.

In creating T2, the airlines are taking advantage of a loophole in Department of Transportation rules originally designed to prevent such monopolies. DOT's CRS rules require airlines that offer information, services, or rates through their own computer systems to make them available also to competing computer reservation systems so any travel agent can market them. However, these rules were adopted about twenty years ago, before the rise of e-commerce, and the airlines apparently have concluded that they don't prohibit the web site they plan to initiate later this year.

We believe the T2 scheme will reduce competition and therefore harm both business and pleasure travelers. It will be especially harmful to families with limited means and people who don't have ready access to the Internet or don't know how to use it, which includes many senior citizens.

If the Commerce Committee hearings look closely at the T2 plan, we believe you will conclude that either the Congress or the Department of Transportation must take urgent action to block it and preserve competition in the airline ticket market.

We would, as always, appreciate hearing your own views and concerns on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lora H. Weber".

Lora H. Weber  
President

PO Box 864806  
Plano, Texas  
75086-4806

cc: Senate Commerce Committee members

972-517-2755  
972-517-3787 fax  
800-922-7399 toll free

**F.A.C.T.**

**Florida Action Coalition Team**  
P.O. Box 100  
Largo,  
FL 33779-0100  
USA

---

Senator John McCain  
Chairman, Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510

June 9, 2000

Dear Senator McCain,

On behalf of Florida's consumers, the Florida Action Coalition Team (FACT) is delighted that the Senate Commerce Committee will soon hold hearings on the airlines T2 plan.

T2 is a scheme for 30 or more domestic carriers, virtually all the larger scheduled airlines, to sell their tickets on an e-commerce web site they will jointly control. Merely getting together to develop a combined marketing organization is probably a violation of the antitrust laws on the part of the participating airlines, but the T2 plan goes even further.

The airlines intend to offer their best bargain fares exclusively on the T2 web site. At first that might sound like a fine idea; a single source where you can count on finding the most deeply discounted fares.

However, for consumers, the long-term implications are sinister. If competing travel web sites and local travel agents can't sell the discounted tickets, price-sensitive consumers will have no choice but to use the T2 web site. What will that do to competition? It will virtually end it, because without access to the lowest fares, few independent travel agents can stay in business. And when the airlines control the only viable ticket source, they will find it even safer than it is now to raise prices in tandem rather than compete with each other.

We feel confident that your hearings will conclude that the T2 plan should be stopped because it can only produce fewer choices and higher prices for consumers. This will also cause a serious negative impact on thousands of our members who are senior citizens and who rely on competitive discounted prices for their travel.

Can the antitrust laws stop this blatantly anti-competitive plan? Perhaps one of the questions your hearings can explore is whether the Transportation and Justice departments can stop it using existing laws and rules. Alternatively, if the existing laws aren't strong enough, FACT hopes that Congress will pass stronger ones.

Sincerely,

CC: Senator Bob Graham  
Senator Connie Mack

Ernest Wm. Bach  
Executive Director



# Michigan Consumer Federation

4990 Northwind Dr. • Suite 225  
East Lansing, Michigan 48823  
517/324-9930 • Fax 517/324-9942  
E-mail [mcf@acd.net](mailto:mcf@acd.net)

*Richard D. Gamber Jr., Executive Director*

June 1, 2000

Senator Spencer Abraham  
329 Senate Dirksen Office Building  
Washington, DC 20510-2203

RE: Hearings on the airline's ticket-sales web site plan

Dear Senator Abraham:

I understand the Senate Commerce Committee, on which you serve, will hold hearings during the second half of June on a plan by the airline industry to restrict access to their most steeply discounted fares to a new internet web site, which is being called "T2."

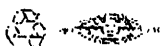
The T2 plan would result in more than thirty domestic air carriers offering their lowest fares only through a new web site, scheduled to go into operation soon, which they would own and jointly control — probably in violation of the antitrust laws. Because the T2 site would have a monopoly on these low fares, travelers looking for travel bargains would have little choice but to buy their tickets there, putting many competing independent sellers of travel services out of business. We know the result of monopoly: fewer alternatives, and ultimately higher prices to consumers.

The media have reported that the Justice Department is looking into the antitrust implications of the T2 plan. But, unfortunately, antitrust-law enforcement can be a very slow process. And the Department of Transportation says it is investigating T2 and considering expanding rules it issued two decades ago, before e-commerce came along, to require that any flight options the airlines sell through their own computer systems, including a web site, must be equally accessible to competing travel marketers. But DOT seems unlikely to take action quickly. I hope you agree that the consumers of Michigan and the country need protection from the T2 monopoly, now.

On behalf of the thousands of Michigan consumers who belong to the Michigan Consumer Federation, this state's largest consumer organization, I hope that you, as a majority member of the Commerce Committee, will apply pressure for quick action -- by the Congress or the federal agencies -- to head off this problem.

Sincerely,

Richard D. Gamber  
Executive Director



**CCS**  
**Consumers for Competitive Services**

1547 Palos Verdes Mall,  
Suite 242  
Walnut Creek, CA 94596  
(925) 947-2886

The Honorable John McCain, Chairperson  
Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510

June 7, 2000

RE: Hearings on airline ticket-marketing plan

Dear Senator McCain:

Although Consumers for Competitive Services, a coalition of citizens organizations, has historically been primarily concerned about encouraging competition in the telecommunications industry, we are also troubled when we see reduced competition in other industries essential to American consumers.

The so-called "T2 " ticket-marketing plan is the airlines' latest scheme to charge more for poorer service, and we're delighted to learn that you will be holding Commerce Committee hearings on it this summer.

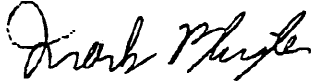
All Americans should be grateful for the effort you and Senator Wyden made last year to pass your Airline Passengers Fairness Act. Obviously, you are aware of the abuses in the airline industry and want to force it to become more competitive. The T2 plan is another example of anti-competitive behavior by the airlines.

What could be more anticompetitive than this plan to offer "e-saver" and other deeply discounted fares only on a web site entirely under the control of 30 or more domestic airlines, including virtually all the large carriers? By forcing bargain-hunting travelers to use their web site, the airlines could virtually eliminate the competition, driving out of business most of the competing independent web sites and many local travel agents.

Without even today's inadequate competition, the airlines could feel free to raise fares with impunity. I don't need to tell you what a harmful effect that would have on the entire economy of this country - on all business and pleasure travelers, and especially on low-income people and the aged, the very people who most need low-fare options but have least access to the internet.

T2 is a terrible idea, and I hope you can persuade the Congress or appropriate executive agencies, probably either the Justice or Transportation Department, to quash it before it becomes operational.

Sincerely,



Mark Phigler, President





# Consumers Coalition of California

(a non-profit corporation)

June 13, 2000

The Honorable John McCain, Chairperson  
Senate Commerce, Science and Transportation Committee  
Washington, D.C. 20510  
Fax: 202 228 2862

RE: Hearings on airline ticket marketing

Dear Senator McCain:

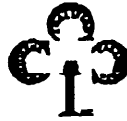
It appears to be evident that the major airlines, in addition to consolidating are now going to control the price and manner in which we obtain ticket information and pricing. This strikes to the very core of the American economy. With gas prices out of range. With threatened shortages of fuel to keep our electricity going, now we have another problem. How will we get from here to there?

Will we have to depend on a new airline ticketing plan?. CCC would like to cite a recent experience. Calling directly to the airline, a ticket price of \$360.00 was quoted to Austin, Texas. When asked if there were economy fares, we were told they were all booked even though the reservation was 21 days in advance. CCC called back the following day to try another reservation specifying 14 days in advance and received a second price for the same flight of \$240.00. As we were booking the flight for a handicapped person we asked for a window seat assignment but were told none was available. CCC explained that the party needed to keep a bag under the seat for medical reasons and that she was subject to bruising and could not handle persons getting in and out across her legs. She was told that no exceptions would be made and that if the flight was fully booked she would have to take what she could get. This was a handicapped person and a senior citizen!

She booked through a travel agency, who for the sum of a small \$8.50 surcharge, got her assigned to the seat she asked and gave her electronic ticketing. The travel agency also made her aware that the airline limits the window seats assigned to each agency in an attempt to force people to get there much earlier for boarding passes. It appears this is a policy followed by all the major airlines if they assign seats at all. On short runs to the state capital, no reserve booking is available and if you do not arrive at least one hour and one half early, you do not get a seat. You do not get on the plane.

The "T2" plan may work for the major airlines but what about the people? Have we gone so far in so-called efficiency that we are willing to forgo the human factor? Have we entered an age where, like gas prices, competition means comparing what your neighbor is charging and raising your rates? With the population greying, it is about time that some sanctions are put in place to protect them, not taking away more choices.

P.O. Box 5276 ♣ Torrance, CA 90510 ♣ Tel:310/316-3346 Fax:310/316-4115



Page 2 Senator John McCain

CCC hopes that your committee will not allow such an ill thought-out plan to become operational.

Of course, it might be just the incentive to pull the railroads, Amtrack out of the doldrums and to increase passage on cruise ships for the elderly but it will not solve the problem for the small business person who must watch his/her budget but finds it necessary to sit at a computer trying to book the lowest fare using time necessary to the business when a travel agent can book him on the shortest route, seat him where he wants to seat, avoid stopovers and running through airports to change planes in order to continue his flight, all problems the lowest fare selection cannot solve. It needs the human touch.

CCC thanks you for the opportunity of presenting our views and has attached the Newsletter of Consumers Coalition to give our background.

Sincerely,

*Virginia Jarow*  
VIRGINIA JARROW, PRESIDENT



## BOARD OF DIRECTORS

**JAMES E. FIDMAN**, Chairman  
President & CEO  
National Council on Aging

**ELLEN M. BOZMAN**, Vice Chair  
Former Chair, Arlington (VA) County Board

**ROBERT B. BLANCATO**  
Ex. Dir., 1995 White House Conference on Aging

**NANCY CITASEN**  
Consumer Lawyer, author

**JOHN M. COHENMAN**  
Former Executive Director,  
The Gerontological Society of America

**ROBERT L. COSBY**  
Ex. Dir., Nonprofit Clinic Consortium

**EVELYN DUBROW**  
Special Assistant to the President, LINITE

**ELIZABETH S. FOX**  
Former Executive Director, IONA Senior Services

**BARBARA B. GREGG**  
Former Director, Montgomery County  
Office of Consumer Affairs

**GAIL GIBSON HUNT**  
Executive Director, National  
Alliance for Caregiving

**MELVIN JENKINS, M.D.**  
Chairman Emeritus,  
Department of Pediatrics, Howard University

**MARY GARDNER JONES**  
Former Federal Trade Commissioner

**M. CHARITO KRUWANT**  
President, Creative Associates International

**WILLIAM T. LYONS**  
Former Dir. of Federal Relations, Ciba-Geigy Corp.

**PETER J. MARES**  
Partner, RPMC LLP

**JOHN H. MICKERING**  
Senior Counsel, Wilmer, Cutler & Pickering

**ANNABEL H. SEIDMAN**  
Program Director, National Council of Senior Citizens

**EDGAR L. SHOR**  
D.C. Regional Representative

**SAMUEL J. SIMMONS**  
President and CEO, National Caucus  
and Center on Black Aging

**MARTA SOTOMAYOR**  
President & CEO, National  
Hispanic Council on Aging

**M. GORDON TIGER**  
Virginia Regional Representative

**BONNIE WHITE**  
Director of Public Affairs, Bell Atlantic

**ANNE WERNER**, President & CEO  
United Seniors Health Cooperative

**CHARLES MONDIN**  
Director of Communications and Marketing,  
United Seniors Health Cooperative

**ARTHUR S. FLEMMING (1905 - 1996)**  
Founding Chairman

**ESTHER PETERSON (1906 - 1997)**  
Founding Vice Chair

July 13, 2000

The Hon. John McCain  
Chairman  
Senate Commerce, Science & Transportation Committee  
SR-241  
Washington, DC 20510

Dear Senator McCain:

I write to urge that the Department of Transportation rules protecting equal access to information on airline ticket sales and pricing be extended to include internet sales.

As president of a consumer group of several thousand seniors concerned about having good information to help them preserve their independence and quality of life, I know that access to affordable travel is a necessary element in achieving this goal.

As you would expect, seniors depend upon airplane travel to visit grandchildren or ailing family members who live in another part of the country. It is important to them to take advantage of an Elderhostel or vacation in some far distant place.

But equally important is knowing that they have spent their retirement income wisely. Not everyone has benefited from a rising stock market, and while inflation as a whole has stayed fairly level, costs for medical care and prescription drugs have squeezed many seniors' incomes.

The proposal to create a Web-site dominated by the major airlines looks to us like a plan to ration access to discounted fares and reduce the role of the travel agent, upon whom many seniors still depend.

Very truly yours,

Anne Werner  
President and CEO

# ARIZONA CONSUMERS COUNCIL

P. O. BOX 1288 2849 E. 8<sup>TH</sup> St.  
Phoenix, AZ. 85001 Tucson, AZ 85716

Voice: 520/327-0241

Fax: 520/322-5205

E-mail: [asterman@primenet.com](mailto:asterman@primenet.com)

June 15, 2000

Senator John McCain  
Chairman, Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510

RE: T2 Airline-Ticket Web Site

Dear Senator McCain:

Last year the Arizona Consumers Council cheered when you and Sen. Wyden sponsored the Airlines Passenger Fairness Act in an attempt to enforce standards that would make airline ticket selling more competitive.

Now we're faced with an even worse situation as more than 30 airlines – controlling more than 80% of the domestic market – prepare to sell their discounted tickets only on their new joint web site, known as T2.

I thought it was a violation of the antitrust laws for supposedly competing members of any industry to get together privately to discuss their marketing plans. But the T2 plan goes further than discussion: the major airlines actually intend to market their discounted seats exclusively on an internet web site they control. If that's the only place consumers can find the best fares, that's where anyone with internet access will go when shopping for airline tickets. The effect on competitors, whether the little travel agency at the mall or a big independent travel web site like Travelocity, should be obvious – denied access to the best fares, many of them will be forced out of business, reducing consumer choice, increasing monopoly, and ultimately raising prices.

Another issues, even more compelling is that those people without computers or readily available internet access, who are elderly and can't fathom the intricacies of this new technology or cyberspace or are out of the mainstream of the new due to cost will be forced to pay higher and higher rates to secure airline and other travel requirements. This appears to be very discriminatory toward this very large group of citizens. This action will clearly put our most disadvantaged citizens in our society at a further disadvantage. Fairness and equality demands all citizens have the same opportunity to participate on and equal footing in this arena.

This plan obviously evades rules adopted by the Department of Transportation in the early 1980s to prohibit just such practices. The DOT rules require that any fares available from airline-controlled computer systems must also be offered to all competing computer reservation systems. The airlines apparently believe these rules don't apply to

# ARIZONA CONSUMERS COUNCIL

P. O. BOX 1288 2849 E. 8<sup>TH</sup> St.  
Phoenix, AZ. 85001 Tucson, AZ 85716

Voice: 520/327-0241

Fax: 520/322-5205

E-mail: [asterman@primenet.com](mailto:asterman@primenet.com)

e-commerce on the internet, which didn't exist twenty years ago. If so, I hope the DOT can be persuaded to close those loopholes and stop the T2 scheme.

Of course, there are other alternatives. The Justice Department can enforce the antitrust laws. Or the Congress can pass specific laws against practices like T2.

We are gratified to hear that you plan to hold Commerce Committee hearings this summer to see what can be done about T2. Please keep us informed of your plans to address this issue so we can support them.

Sincerely,



Albert Sterman  
Vice President

cc: Members of Senate Commerce, Science  
and Transportation Committee

to: DEN RAYOS

# Consumer Action

[www.consumer-action.org](http://www.consumer-action.org)

717 Market Street, Suite 310  
San Francisco, CA 94103  
(415) 777-9648

**Southern California Office**  
523 West Sixth Street, Suite 1105  
Los Angeles, CA 90014  
(213) 624-4631

Senator John McCain, Chairman  
Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510

RE: The airline industry's T2 plan

Dear Senator McCain:

We understand you will be holding hearings into the airline industry's T2 plan web site through which most of this country's domestic carriers will market tickets. The plan, started by American, Continental, Delta, Northwest, and United, has since been joined by at least 25 additional domestic airlines.

Consumer Action urges you to conduct a thorough investigation of the T2 plan.

The information we have received indicates that the proposed web site will not simply provide fare and route information, but will sell discounted tickets uniquely available to users of this web site and users of the carriers' own web sites. If this is true, the effect would be to bypass existing antitrust restrictions, issued two decades ago by the Department of Transportation, that require that any schedules, services, or ticket prices available from an airline-controlled computer system must be equally available to all competing computer reservation systems, including those used by travel agents.

Creation of an airline-controlled exclusive source of reduced-price airline tickets would unfairly harm independent ticket agents and independent travel web sites, reducing their ability to compete and probably driving many of them out of business. Even more important, it would reduce the choices, and thereby raise the cost of travel, for many consumers, particularly low-income and elderly persons who are less likely to have access to the internet.

We therefore urge the Commerce, Science and Transportation Committee to conduct a thorough investigation of the plans for this airline joint venture and its likely effects on America's travelers, particularly those who are most economically vulnerable.

If your examination confirms that its effect would be reduced competition, we hope that the Congress will take vigorous action to prevent implementation of the T2 plan.

Sincerely,



Ken McEldowney  
Executive Director

June 9, 2000

Senator John McCain, Chair  
Senate Committee on Commerce, Science, and Transportation  
241 Senate Russell Office Building  
Washington DC 20510-0303

Dear Senator McCain:

It is my understanding that you are currently contemplating holding hearings in July on a reported plan -- colloquially referred to as "T2" -- under which the majority of the nation's airlines intend to sell tickets through a jointly controlled and operated Internet website. I write to support your doing so.

As an educator, attorney, and advocate for consumers, I urge you to convene such hearings to investigate the many potential implications of such a plan for consumers. Despite representations to the contrary, I am concerned that the plan, as presently described, possesses significant potential for consumer harm. This harm seemingly would likely flow from the troubling potential for reducing or eliminating meaningful competitive forces at work in the selling of airline tickets. This harm seems especially likely for the most cost-sensitive consumers.

As has been reported, T2 would result in the marketing and selling of so-called 'e (or similarly denominated, deeply discounted) tickets' *exclusively* via the jointly-controlled website. There would be no access to these tickets by external or independent ticket sellers. As a result, consumers seeking the lowest priced tickets would be compelled to seek them via this website.

At least two undesirable outcomes seem possible if not probable. First, less web-savvy consumers (in many instances, those of more moderate means) would be precluded entirely from obtaining such tickets. Second, consumers generally would be effectively precluded from enlisting the advice or services of independent advisers acting on their behalf in searching out such bargain fares. And, as a result, many consumers would simply be unable to find the best bargains, given the often overwhelmingly complex menu of pricing and itinerary alternatives found in the airlines' current schedules. In other words, requiring such listings to be available to independent experts, acting as representatives or advocates for buying consumers, would help to keep prices down. In the absence of access by such knowledgeable representatives, the impetus to restrain prices could be significantly diluted.

Senator John McCain  
page two

The T2 plan seemingly takes advantage of an apparent loophole in rules issued nearly 20 years ago by the Department of Transportation requiring any schedules, services, or ticket prices available through an airline-controlled computer listing system to be available equally to all competing computer reservation systems. While those rules predated any meaningful level of activity in e-commerce or via the Internet, the potential adverse implications for consumers in the modern environment seem similar, if not identical. At a minimum, holding hearings might well inspire the Department to reconsider this rule to make clear its application in the current environment.

Very truly yours,

James L. Brown  
Director





July 20, 2000

Senator John McCain, Chairperson  
Senate Commerce, Science and Transportation Committee  
241 Senate Russell Office Building  
Washington, DC 20510-0303

**Honorary Chair**  
Milton D. Stewart  
Phoenix, AZ

**Chair**  
Beny Jo Toccoli  
Los Angeles, CA

**Vice Chair**  
George Abbon  
Omaha, NE

**Secretary/Treasurer**  
Jim Corran  
Orinda, CA

**Public Affairs/Relations**  
Susan Hager, Hager Sharp  
Washington, DC

**Regional Chairs**  
Pat Mellion  
Branford, CT

Rosemary Reed  
Washington, DC

Carey Stacey  
Raleigh, NC

Toby Malichi  
Indianapolis, IN

Andy Lagueruela  
San Antonio, TX

Gwen Moore  
Los Angeles, CA

Robert Glatzner  
Spokane, WA

Dear Senator McCain:

On behalf of the Small Business Alliance for Fair Utility Deregulation, I'd like to add our support for the efforts of the Senate Commerce, Science and Transportation Committee to investigate the new Orbitz (T2) Website project. Attached is information on the Small Business Alliance for Fair Utility Deregulation.

It is my understanding that Orbitz will not make available to travel agents the lowest available online airfares through the existing Computer Reservation Systems set up to handle reservations, ticketing, and billing. These fares will be provided only to Orbitz or posted on individual airline Web sites. In addition, it appears that Orbitz plans to expand their Web site offerings to include hotels, car rentals and other travel services.

In addition to greatly disadvantaging consumers — who will face having to cope with needing to use a computer to go online to get access to lowest online airfares rather than booking through a travel agent — small businesses will be similarly hurt.

Many small businesses rely on their travel agents to obtain low-priced airfares and plan complex itineraries — often on very short notice. Those of us who own small businesses do not have the time to search online for airfares, nor do we want our employees using valuable time in this way. Since travel agents will be unable to access the lowest airfares, Orbitz will undermine our relationships with travel agents. We will be further inconvenienced when we try to make or change travel plans on the road.

The airlines' inability to operate a fair fare distribution system that is based on competition was addressed by Congress many years ago and resolved with the introduction of the Computer Reservation System rules in effect today. These rules need to be expanded to cover online reservation systems such as Orbitz. We are not against new players entering the travel marketplace, but we do object when those players appear to be forming a cartel run by the five largest US airlines with more than 25 other airlines as partners. Orbitz will eliminate real competition. The door for abuse will be opened if the Orbitz fare distribution system is allowed to operate without proper oversight to ensure that all computer reservation systems have access to all online airfares.

Office of the Chair: PO Box 661235 • Los Angeles, CA 90066 • (800) 966-2867 • FAX: (310) 642-0849

Washington Office: 1090 Vermont Ave., NW • Suite 300 • Washington, DC 20005 • (202) 842-3600



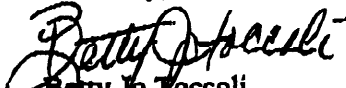
ALLIANCE FOR FAIR  
UTILITY DEREGULATION

Most small businesses run on very small profit margins with travel, lodging and other travel expenses as costly expense items. If Orbitz is permitted to operate without appropriate restraints, our costs are sure to rise.

Unfortunately, the airlines industry has a poor track record of service to its customers – including small business customers. Many of us are captives in smaller markets to exorbitantly high prices for airfares when flying outside the hub systems. Orbitz, rather than helping customers and small businesses will cause us inconveniences and eventually higher prices as the lack of real competition takes hold of the marketplace. Travel agents are the natural counterbalance to the Orbitz Web site. Travel agents, who must look out for the interests of consumers and small businesses to stay in business, will not be able to compete because they are denied access to key online fare information.

The Small Business Alliance for Fair Utility Deregulation applauds your foresight in holding a hearing on July 20 to investigate Orbitz' business practices while there is time to prevent real damage to small business and the economy.

Sincerely,

  
Betty Jo Toccoli  
Chair



## COLUMBIA CONSUMER EDUCATION COUNCIL

P. O. Box 212101, Columbia, South Carolina 29221-2101

Phone: (803) 551-0061 Fax: (803) 731-2446

E-Mail: CCECSC@AOL.COM

Senator Ernest F. Hollings  
125 Senate Russell Office Building  
Washington, DC 20510-4002

Dear Senator Hollings:

I understand the Senate Commerce, Science and Transportation Committee, of which you are a member, plans to hold hearings later this summer on an airline-industry plan, known as T2, to create a joint internet web site under their control, where most of the country's airlines will sell their tickets.

While this idea might sound convenient, it has some aspects that are not good for consumers. The airlines plan to sell their discounted seats exclusively through the T2 web site. They would not be available from any of the competing independent travel web sites or from local travel agents.

That's a bad idea because any consumer looking for an affordable airline ticket would have to use the T2 web site, giving it a monopoly. Such a monopoly on low-priced tickets would soon drive most of the competing travel agents out of business.

Most of the South Carolinians served by the Columbia Consumer Education Council are low-income and working people, and many of them don't know how to use the internet or don't have access to it. Therefore, when they need to travel, they would have no way of using T2 to get bargain tickets. Since they couldn't learn about ticket discounts from a local travel agent or by telephoning the airlines, they would be forced to pay for more expensive tickets. Since these are the people who have the greatest need to save money, this seems very wrong.

But the T2 plan wouldn't just harm low-income people. If the airlines are allowed to get together to limit the number of discounted tickets, they will try to maximize their profits at the expense of all Americans, rich and poor. We would all have fewer choices and pay higher prices.

I'm sure you realize that we have antitrust laws in this country to try to maintain competition and prevent that sort of monopoly. But in this case, apparently the antitrust laws aren't working or aren't being enforced.

So it's important that you and your colleagues in Washington stop this plan either by passing new laws or by enforcing the existing ones.

Please let me know what you plan to do about it.

Sincerely,

Dorothy Garrick

President

cc: Senator McCain



***Harlem Consumer Education Council, Inc.***

P.O. Box 1165 Triboro Station, New York, N.Y. 10035 (212) 795-0234

FLORENCE M. RICE  
PRESIDENT

LUCIL LAZELLA MIDDLETON  
PRESIDENT  
YOUTH CONSUMERS EDUCATIONAL COUNCIL

Senator John McCain, Chairman  
Senate Commerce Committee  
241 Senate Russell Office Building  
Washington, DC 20510-0303

Dear Senator McCain:

I believe the plan by most of the domestic airlines to sell their lowest-price tickets only on their own internet web site discriminates against low-income and minority people. Although these are the people who need reduced fares more than anyone else, putting them only on the internet just insures that poor people won't be able to get them.

As director of the Harlem Consumer Education Council, my responsibility is to speak for many low-income consumers who are often forgotten in the political process. We are appealing to you because we have heard that your Commerce Committee will be investigating this airline industry plan, which they call T2, to see whether it is harmful to consumers. We believe it will be very harmful and should be stopped.

Many low-income consumers, especially the elderly, don't have computers, don't know how to use them to buy things on the internet, and don't feel comfortable trusting them. When they need to travel, they prefer to see a travel agent or phone the airline. But if the travel agents aren't allowed to sell these discounted tickets and the airlines won't tell people about them on the phone, they'll never be able to get them. It's another example of the sad old saying: "The poor pay more."

I thought we had laws to stop monopolies. Why aren't they being enforced to stop this T2 plan? If the laws that exist aren't strong enough, why can't the members of Congress pass stronger anti-monopoly laws?

Please let us know what you plan to do about this problem.

Sincerely,

A handwritten signature in cursive script, appearing to read "Florence M. Rice".

Florence M. Rice  
President